

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF PRICEWATERHOUSECOOPERS LLP
FOR THE SEVENTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Pricewaterhouse Coopers LLP for the Seventeenth Interim Period (the "Application").

BACKGROUND

1. PricewaterhouseCoopers LLP ("PwC") was retained as independent accountants and auditors for the Debtors and Debtors in Possession. In the Application, PwC seeks approval of fees totaling \$240,546.90 and costs totaling \$1,146.61 for its services from April 1, 2005, through June 30, 2005.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on PwC an initial report based on our review, and received a response from PwC, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted two entries totaling 3.3 hours and \$567.60 for "reading latest Grace bankruptcy news". The entries are provided below.

Ryan Grady	4/6/2005	2.5	Read latest Grace bankruptcy news
Ryan Grady	4/21/2005	0.8	Read latest Grace bankruptcy news

We note that during the March 21, 2005, hearing in the USG Corporation bankruptcy case¹, this Court stated, ". . . just generally monitoring a case for purposes of seeing what's going on is not compensable in this estate. . ." pp. 9-14. In light of that statement, we asked PwC to explain why the time billed for the cited entries should be compensable. PwC's response is provided below.

We agree with your comment and to a corresponding fee reduction of \$567.60.

We appreciate the response and thus recommend a reduction of \$567.60 in fees.

4. We noted four entries by Maria Afuang totaling 5.7 hours and \$912.00 for simple reporting of time. The entries are provided below.

Maria J.Afuang	4/1/2005	4.0	Time and expense reporting
Maria J.Afuang	4/8/2005	0.4	Doing time reporting
Maria J.Afuang	4/12/2005	1.0	Doing time reporting
Maria J.Afuang	4/13/2005	0.3	Doing time reporting

As noted in prior reports, while preparation of fee applications for bankruptcy courts is customarily

¹Bankruptcy Case number 01-2094.

compensable, simply keeping descriptive, useful time records for edification of the client, creditors and court is typically not compensable. In re Gillette Holdings, Inc., 137 B.R. 475, 482 (Bankr.D.Colo. 1992). We understand there is sometimes a certain amount of editing required to bring time and expense entries into compliance with the Local Rules and prepare them for attachment to the Application. However, it appears to us that this PwC professional was billing for time spent entering her time, which is the cost of doing business. We asked PwC to explain why the fees billed for these tasks should be compensable. PwC responded as follows:

We agree with your comment and therefore a corresponding fee reduction of \$912.00.

We appreciate the response and thus recommend a reduction of \$912.00 in fees.

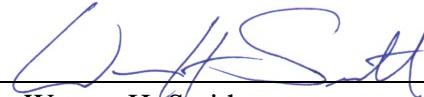
CONCLUSION

5. Thus we recommend approval of fees totaling \$239,067.30 (\$240,546.90 minus \$1,479.60) and costs totaling \$1,146.61 for PwC's services from April 1, 2005, through June 30, 2005.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By:



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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 23rd day of November, 2005.



Warren H. Smith

SERVICE LIST

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